

**Licensing Boards Policy**

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| Policy Area: Accounting & Financial Reporting | Effective Date: 7/1/2006 |
| Policy Sub Area: State Financial Reporting | Last Revision Date: 4/1/2013 |
| Authority: GASB Codification Section 1300; AICPA Audit & Accounting Guide: State and Local Governments (Chapter 14) | Policy Owner/Division: Statewide Accounting |

Policy:

The following standards should be followed in the preparation of separately issued financial statements for licensing boards of the State of North Carolina ("Boards"):

- The financial statements should be prepared in accordance with Generally Accepted Accounting Principles ("GAAP") as applicable to governments. The Governmental Accounting Standards Board ("GASB") establishes standards of financial accounting and reporting for state and local governmental entities.
- Boards should be reported as enterprise funds since State law requires that their costs of providing services, including capital costs, be recovered with fees and charges, rather than with taxes or similar revenues (GASB COD 1300).
- The required financial statements of Boards are:
 - Statement of net position or balance sheet
 - Statement of revenues, expenses, and changes in fund net position or fund equity
 - Statement of cash flows
- The financial statements of Boards should be presented using the economic resources measurement focus and the accrual basis of accounting.
- The financial statements should include all relevant GAAP financial statements, note disclosures, and required supplementary information, including management's discussion and analysis (MD&A). The MD&A should discuss all topics required by GAAP (as applicable).
- FASB Statement No. 116, Accounting for Contributions Received and Contributions Made, and FASB Statement No. 117, Financial Statements of Not-for-Profit Organizations, are not applicable to governmental organizations, and are therefore not appropriate accounting standards for Boards.

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| <u>Procedures</u> NA | |
| <u>Accounting Guidance</u> GFOA Recommended Practice: <i>Including Management's Discussion and Analysis in Departmental Reports</i> (2004) | |
| <u>Related Documents (Memos/Forms)</u> NA | |
| Revision History | |
| Date | Description |
| 4/1/2013 | Updated for GASB Statement 63. |
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